

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

FILED
AUG 13 2020
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

UNITED STATES OF AMERICA,

Plaintiff,

v.

YASER NAJJAR,

Defendant.

) INDICTMENT
)
) **JUDGE NUCENT**
)
) CASE NO. **1:20 CR 439**
) Title 26, United States Code,
) Section 7201
)
)
)

GENERAL ALLEGATIONS

At all times material to this Indictment:

1. Defendant YASER NAJJAR, who was married, was a resident of Westlake, Ohio, in the Northern District of Ohio, Eastern Division.

2. EAST 152ND, INC. d/b/a Collinwood Marathon, Gas America and Giant America (collectively, "EAST 152ND") was a Subchapter S Corporation organized under the laws of the State of Ohio on or about January 5, 2007. EAST 152ND operated a gas station with a convenience store, kitchen, and car wash and was located at 657 East 152nd Street, Cleveland, Ohio, in the Northern District of Ohio, Eastern Division. Defendant was the registered agent and sole shareholder of EAST 152ND and managed the daily operations of the gas station.

3. From on or about January 1, 2009, through on or about November 27, 2017, Defendant maintained a handwritten ledger documenting EAST 152ND's daily gross receipts (the "Ledger"), which included the daily gasoline sales and convenience store sales.

4. EAST 152ND filed its income taxes for the calendar years 2009 through 2016 using a U.S. Income Tax Return for an S Corporation, Form 1120S ("Form 1120S"). Form

1120S required an S Corporation to report all of its corporate income and expenses as well as a balance sheet summarizing the corporation's assets, liabilities, and shareholders' equity.

5. Defendant filed his and his spouse's income taxes for the calendar years 2009 through 2016 using a U.S. Individual Income Tax Return, Form 1040 ("Form 1040"). As the sole shareholder of EAST 152ND, Defendant was required to report EAST 152ND's ordinary business income or loss, as reported on the Form 1120S, on his Form 1040.

6. Defendant used Accountant 1 to prepare EAST 152ND's Forms 1120S and Defendant's Forms 1040 for the calendar years 2009 through 2016.

7. In connection with the preparation of these taxes, and as part of a scheme to evade income taxes due and owing, Defendant materially misrepresented EAST 152ND's gross receipts to Accountant 1 and concealed a substantial portion of EAST 152ND's gross receipts from Accountant 1. Specifically, among other things:

a. Defendant verbally provided Accountant 1 with the markup (profit) per gallon of gasoline sold and convenience store sales for EAST 152ND, which figures substantially underreported EAST 152ND's actual gross receipts as reflected in the Ledger.

b. Defendant did not provide Accountant 1 with certain information relating to EAST 152ND's actual gasoline sales and convenience store sales, including the Ledger, EAST 152ND's bank statements, and EAST 152ND's cash register receipts.

c. Defendant concealed other sources of EAST 152ND's business income from Accountant 1, including ATM fees, vacuum machine receipts, air machine receipts, and car wash receipts.

8. Accountant 1, relying on information provided to Accountant 1 by Defendant, calculated EAST 152ND's gross receipts and prepared EAST 152ND's Forms 1120S and Defendant's Forms 1040 for the calendar years 2009 through 2016, which were filed with the Internal Revenue Service.

9. By providing inaccurate, incomplete and understated sales figures for EAST 152ND to Accountant 1, Defendant caused EAST 152ND's Forms 1120S and Defendant's Forms 1040 for the calendar years 2009 through 2016 to be materially false by substantially underreporting EAST 152ND's gross receipts and, by extension, Defendant's taxable income.

COUNT 1

(Attempt to Evade and Defeat Income Tax, 26 U.S.C. § 7201)

The Grand Jury charges:

10. The allegations contained in Paragraphs 1 through 9 of the Indictment are alleged and incorporated by reference as if fully set forth herein.

11. From on or about January 1, 2013, through on or about April 14, 2014, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant YASER NAJJAR, a resident of Westlake, Ohio, willfully attempted to evade and defeat income tax due and owing by him and his spouse to the United States of America, for the calendar year 2013, by committing the following affirmative acts, among others:

a. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Income Tax Return for an S Corporation, Form 1120S, for EAST 152ND, which was submitted to the Internal Revenue Service;

b. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, which was submitted to the Internal Revenue Service; and

c. Providing inaccurate, incomplete and understated information related to EAST 152ND's gross receipts to Accountant 1, including EAST 152ND's gasoline and convenience store sales figures.

In violation of Title 26, United States Code, Section 7201.

COUNT 2

(Attempt to Evade and Defeat Income Tax, 26 U.S.C. § 7201)

The Grand Jury further charges:

12. The allegations contained in Paragraphs 1 through 9 of the Indictment are re-alleged and incorporated by reference as if fully set forth herein.

13. From on or about January 1, 2014, through on or about April 8, 2015, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant YASER NAJJAR, a resident of Westlake, Ohio, willfully attempted to evade and defeat income tax due and owing by him and his spouse to the United States of America, for the calendar year 2014, by committing the following affirmative acts, among others:

a. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Income Tax Return for an S Corporation, Form 1120S, for EAST 152ND, which was submitted to the Internal Revenue Service;

b. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, which was submitted to the Internal Revenue Service; and

c. Providing inaccurate, incomplete and understated information related to EAST 152ND's gross receipts to Accountant 1, including EAST 152ND's gasoline and convenience store sales figures.

In violation of Title 26, United States Code, Section 7201.

COUNT 3

(Attempt to Evade and Defeat Income Tax, 26 U.S.C. § 7201)

The Grand Jury further charges:

14. The allegations contained in Paragraphs 1 through 9 of the Indictment are re-alleged and incorporated by reference as if fully set forth herein.

15. From on or about January 1, 2015, through on or about March 19, 2016, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant YASER NAJJAR, a resident of Westlake, Ohio, willfully attempted to evade and defeat income tax due and owing by him and his spouse to the United States of America, for the calendar year 2015, by committing the following affirmative acts, among others:

a. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Income Tax Return for an S Corporation, Form 1120S, for EAST 152ND, which was submitted to the Internal Revenue Service;

b. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, which was submitted to the Internal Revenue Service; and

c. Providing inaccurate, incomplete and understated information related to EAST 152ND's gross receipts to Accountant 1, including EAST 152ND's gasoline and convenience store sales figures.

In violation of Title 26, United States Code, Section 7201.

COUNT 4

(Attempt to Evade and Defeat Income Tax, 26 U.S.C. § 7201)

The Grand Jury further charges:

16. The allegations contained in Paragraphs 1 through 9 of the Indictment are re-alleged and incorporated by reference as if fully set forth herein.

17. From on or about January 1, 2016, through on or about September 12, 2017, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant YASER NAJJAR, a resident of Westlake, Ohio, willfully attempted to evade and defeat income tax due and owing by him and his spouse to the United States of America, for the calendar year 2016, by committing the following affirmative acts, among others:

a. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Income Tax Return for an S Corporation, Form 1120S, for EAST 152ND, which was submitted to the Internal Revenue Service;

b. Preparing and causing to be prepared, and signing and causing to be signed, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, which was submitted to the Internal Revenue Service; and

c. Providing inaccurate, incomplete and understated information related to EAST 152ND's gross receipts to Accountant 1, including EAST 152ND's gasoline and convenience store sales figures.

In violation of Title 26, United States Code, Section 7201.

A TRUE BILL.

Original document - Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.